



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

November 20, 2009

SB/SE Control No: SBSE-05-1109-022
Expiration Date: November 20, 2010
Impacted: IRM 5.10.7

MEMORANDUM FOR DIRECTOR, ADVISORY, INSOLVENCY AND QUALITY
COLLECTION AREA DIRECTORS

FROM: Frederick W. Schindler /s/ Frederick W. Schindler
Director, Collection Policy

SUBJECT: Acquired Property – Property Acquired by Means Other Than
Seizure

The purpose of this memorandum is to issue interim guidance for inclusion in the next revision of Internal Revenue Manual (IRM) 5.10.7.

IRM 5.10.7.1 (11) will be revised to provide direction that effective immediately all property acquired by means other than through seizure action (e.g. litigation; voluntary forfeiture by the taxpayer) and for which the taxpayer's account has been or is being credited will be controlled on ICS using an assigned identification number which begins with "00-9". The previous guidance in the March 4, 2003, memorandum of using the prefix "97" is rescinded. For those cases that meet the requirements of IRM 5.10.7.1(11), the artificial assigned TIN will follow the format 00-9AOXXXX, where "00-9" represents Advisory's function code for ICS; AO is the Collection Field Area Office Number (01 through 07, 15, or 99*); and XXXX is a four digit sequential numeric control (e.g. 00-9 02 0001). For property acquired through seizure, or for which the taxpayer's account will not be credited until later, the taxpayer's TIN will continue to be used to control the case on ICS.

IRM 5.10.7 will be updated to include a reference to IRM 5.6.1.7 and 5.6.1.8, which contains instructions for numbering acquired property cases for the Interim Revenue Accounting System (IRACS) purposes.

IRM 5.10.7 will be updated with the following procedures for acquired property:

1. Advisory will establish an Integrated Collection System (ICS) control by opening a non-field Other Investigation with an Action Code 165, Acquired Property.

- If the taxpayer's account was, or is in the process of being, credited for the value of the acquired property, the ICS case should be opened as described in IRM 5.10.7.1 (11).
 - If the taxpayer's account will not be credited for the value of the acquired property until it is disposed of, the ICS case should be opened using the taxpayer's TIN.
2. Advisory will assign an acquired property serial number in accordance with IRM 5.6.1.7 and 5.6.1.8
 3. Advisory will prepare a memorandum for the IRACS staff requesting that they open an acquired property control. The memorandum titled, "Acquired Property Control," will include the following information:
 - acquired property serial number;
 - taxpayer's name and control TIN;
 - type of property;
 - value of property; and,
 - a statement indicating whether the taxpayer's account has been, or should be, credited with the assigned value of the acquired property or if the account will be credited after the property is disposed of. If account should be credited immediately, provide instructions as to how the credit should be applied.
 4. Upon receipt of the memorandum, the IRACS staff will open an acquired property control on the IRACS Report 135. Based on the information provided, the IRACS staff will either use the assigned value of the property or assign a value of \$1.00, if the account is to be credited after disposing of the property.
 5. The advisor will then coordinate with the PALS to dispose of the acquired property.
 6. Proceeds obtained from the sale of the acquired property will be forwarded by the PALS to the Ogden Teller Unit (Document Perfection) via a memorandum. The memorandum titled, "Proceeds from the Sale of Acquired Property" will include the following information: acquired property serial number; date of the sale, and amount of proceeds.
 7. The PALS responsible for conducting the sale will send Advisory a summary memorandum of the acquired property sale. The PALS will forward all applicable documents to Advisory, including a copy of the memorandum mentioned in (6) above.
 8. The advisor will then prepare a memorandum to the IRACS staff at the Ogden Campus. The memorandum titled "Disposition of Acquired Property" will include the

following information: acquired property serial number; date of disposition; and a statement regarding the disposition of proceeds.

- If the taxpayer's account was NOT previously credited for the value of the acquired property, the advisor will provide the necessary information to ensure adequate posting of the sale proceeds. At a minimum, this will include the taxpayer's name, TIN and tax period information.
- If the taxpayer's account was previously credited, the advisor will notify the IRACS staff to close out the 7100 Acquired Property Account.

Note: Because the property being sold is owned by the government, expenses of sale are not to be charged to the taxpayer's account.

9. Once the disposition of the proceeds has been verified and all required actions have been completed, the advisor will update the acquired property log and close the ICS control.

If you have any questions, please contact me or have a member or your staff contact either Don Hallenbeck or Duane Thomas. Field employees should raise any questions or concerns through the appropriate management chain.

cc: www.irs.gov